

REVIEW OF RULES FOR IMPLEMENTING THE DEGREE-GRANTING INSTITUTIONS ACT

June 2001

EXECUTIVE SUMMARY

BACKGROUND

The Washington Legislature enacted the Degree-Granting Institutions Act, 28B.85 RCW, in 1986. This Act requires degree-granting institutions operating in Washington to get authorization from the Higher Education Coordinating Board (HECB) unless specifically exempted from the authorization requirement. The Legislature directed the HECB to establish minimum standards for colleges and universities that cover the granting of degrees, educational quality, business practices, and financial stability, as well as other standards necessary to protect citizens against fraudulent or deceptive institutional practices. The Board has adopted rules to implement the Act (WAC 250-61).

REVIEW PROCESS AND OBJECTIVES

The agency is required to review its regulations periodically, and it appears that several changes are required. The proposed changes are designed to:

- 1) Clarify the regulations;
- 2) Address inconsistencies that have hampered day-to-day administration of the law;
- 3) Tighten authorization requirements;
- 4) Improve protections for students in case an authorized institution closes;
- 5) Ensure the HECB meets the statutory requirement that fees approximately recover the staffing costs of degree authorization; and
- 6) Improve communication between the agency and the community about degree authorization requirements and the authorization process.

OUTLINE OF PROPOSED CHANGES

- 1) ***Clarification, consistency, and simplification.*** The current rules are highly detailed and specify requirements (e.g., for the contents of institutions' catalogs and the elements of an application for authorization or reauthorization) that should be defined in administrative procedures rather than regulations. Staff propose deleting much of this detail from the WACs, and propose other changes intended to make the regulations easier to read and more user-friendly.
- 2) ***Addressing inconsistencies.*** The current WACs have multiple definitions of "accrediting association" and references to a "tuition recovery fund" that does not exist. The proposed changes adopt a single definition of "accrediting association" (those recognized by the federal government) and eliminate references to the "tuition recovery fund."

3) *Tightening authorization requirements:*

Accreditation requirement. The agency must establish minimum standards for institutional quality, and the Degree Authorization Agency monitors faculty qualifications, curriculum, credit requirements, and library resources. As an additional quality check, staff propose that institutions authorized to operate in the state be *accredited or moving toward accreditation*. Non-accredited institutions would be required to submit plans to gain accreditation, including a timetable. They would be required to show progress toward accreditation at each renewal of authorization, and failure to hold to their plans would be grounds to deny reauthorization.

Along with this requirement, staff propose to slightly ease reauthorization requirements for established, accredited institutions. Currently *each* authorized school must apply for a renewal of authorization every two years. Under the proposed rule, new schools and unaccredited schools would (as they do now) have to apply for renewal of authorization every two years. More established schools — accredited institutions operating in the state for more than 10 years — would move to a four-year renewal cycle.

Proposed renewal cycles

Institution	Renewal every...
Operating for 10 years or fewer	2 years
All unaccredited institutions	2 years
Accredited, operating more than 10 years	4 years

New technologies. Distance learning technologies raise questions about what it means for an institution to be “operating” in the state. Staff propose that all institutions “originating” degree programs in the state, including those that maintain an Internet server in Washington to deliver degree programs outside the state, be subject to authorization requirements.

- 4) ***Improving protections for students in the event of an authorized institution’s closure or the loss of tuition and fees resulting from unfair business practices.*** Authorized institutions must post a bond to operate in the state. For new institutions, the current requirement is \$25,000. Subsequently, the size of the bond is 10 percent of the preceding year’s tuition, but not less than \$25,000 and not more than \$250,000. These figures were established in 1993, and since that time tuition rates have increased substantially. Staff propose to require institutions to post larger bonds, with the increase reflecting the increase in tuition levels among private, exempt four-year institutions in Washington since 1994.

Proposed changes in bond

	Current bond	Bond size based on tuition increase at exempt 4-year independents, 1994 to 2002 (31%)	Proposed new bond amounts
New institutions	\$25,000	\$32,750	\$30,000
Other institutions, 10% of preceding year's tuition but...			
not less than	\$25,000	\$32,750	\$30,000
not more than	\$250,000	\$327,500	\$300,000

- 5) ***Ensure that the agency approximately recovers the staffing costs of degree authorization.*** RCW 28B.85 requires that fees charged to authorized institutions cover the staffing costs of the degree authorization program. HECB staff propose changes that would help the agency meet this statutory requirement.

First, under current rules, agency staff may (a) make site visits to learn about institutions as part of the authorization process, and (b) hire outside experts to evaluate institutions' programs. Currently, the HECB pays the costs of site visits, and charges for these experts are limited to \$500 each for a maximum of three reviewers. Staff propose making institutions responsible for the full cost of site visits and the full cost of peer reviews.

Proposed charges

	Current rule	Proposed rule
Site visits	HECB pays full costs	Institutions pay full costs
Peer reviews	Maximum of 3 experts @\$500	Institutions pay full costs

Second, under current rules institutions are required to pay fees of \$2,000 at the time of a new application for authorization and \$1,000 for renewals. These fees have not changed for many years. Staff propose adjusting these amounts for inflation, adding the fiscal growth factor annually.

- 6) ***Improving communication.*** In November the agency initiated a "Notice of Intent" procedure. The Degree Authorization Agency now provides notice of applications and authorization decisions to inform interested parties throughout the state about these actions.